



Trade Facts

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U.S. Pork Industry & Trade

Trade Benefits U.S. Agriculture

U.S. agriculture looks overseas to expand sales and boost incomes. Compared to the general economy, U.S. agriculture is twice as reliant on overseas markets. This reliance is rising at a fast rate. For 2003, the U.S. Department of Agriculture is estimating an all time high of agricultural exports reaching over \$56 billion. Trade is critical to U.S. agriculture because the United States exports products from one of every three acres it grows.

Pork exports generate wealth and create good paying jobs that contribute significantly to the economic well being of rural America. Since 96 percent of the world's population lives outside of the United States, it is exports that will drive the future growth and viability of the U.S. pork industry.

At the importance of exports to American agriculture is certain to rise in the future. Ninety-six percent of the world's consumers live outside the United States. Population and food consumption are expanding quickly in the developing world, and consumers overseas are increasingly demanding the high-value products in which the United States has a comparative advantage.®
B Ambassador Robert B. Zoellick, May 21, 2003

U.S. Pork is A Key Part of Agricultural Trade

U.S. exports of swine, pork and pork products have increased by more than 3 times in terms of volume and over 2 ½ times in terms of value during the past nine years (1993-2002). In 1993, the United States exported 228 thousand metric tons of pork, valued at \$558 million. The United States now exports over 700 thousand metric tons of pork, valued at more than \$1.5 billion.

Growth in U.S. pork exports has surpassed growth in U.S. exports of other meats (beef, poultry) and of all agricultural products for the past ten years. Much of the growth in U.S. pork exports is directly attributable to new and expanded market access through recent trade agreements.

Japan, Mexico and Canada are still the largest markets for U.S. pork. U.S. pork exports to Mexico and Canada have increased by over 230 percent since the implementation of NAFTA. U.S. pork exports to Japan have increased by over 100 percent over the past five years.

In addition, U.S. pork exports have been increasing even more to non-traditional markets, especially in Asia and Central America. U.S. exports to Korea, China and Taiwan have all increased substantially over the past five years. Exports to Guatemala and Honduras increased over 120 percent. Exports to New Zealand have increased over 200 percent.

Opening Markets for U.S. Pork: The Bush Administration's Trade Agenda

World Trade Organization (WTO) Negotiations

The United States is calling for reform of agricultural trade in the WTO negotiations which would reduce trade barriers for pork, provide greater equity in world agriculture, and expand growth opportunities to sell U.S. agricultural products. On July 25, 2002, the United States announced an ambitious proposal for reforming the rules of global agricultural trade that would level the playing field for all countries by substantially reducing global trade barriers, slashing global trade-distorting subsidies by over \$100 billion annually, and eliminating export subsidies. American agriculture has strongly supported the U.S. proposals because they will open new markets.

Market Access: The average WTO tariff allowed for pork is 77 percent. Japan, a key export market for pork, maintains a *gate price*, which inhibits trade in lower priced meat cuts. The United States is calling for a formula that would reduce high tariffs to no greater than 25 percent.

Export Subsidies: The EU spent \$31 million to subsidize pork exports in 2000-2001, but has an allowance to spend up to \$175 million on pork exports. The United States proposal would eliminate export subsidies over a five-year implementation period creating a level playing field for U.S. producers in third country markets.

Domestic Support: The U.S. proposal would be capped at 5 percent of the total value of production. This would result in significant reductions in Japan's \$2.14 billion of trade-distorting domestic support to its pork industry, again providing for fair competition in U.S. export markets.

Chile Free Trade Agreement

Once the Free Trade Agreement (FTA) is completed and implemented, Chile will become a new market for U.S. pork exports. Under the new U.S./Chile Free Trade Agreement (FTA), to be signed in Miami on June 6, 2003, U.S. exports of pork to Chile will receive immediate duty-free treatment.

While negotiating the Chile FTA, the United States worked to secure Chile's recognition of the U.S. meat inspection system. Chile took final action on this recognition on June 3, 2003.

Central America Free Trade Agreement (CAFTA)

The five Central American Free Trade Agreement candidate countries B El Salvador, Costa Rica, Guatemala, Honduras and Nicaragua B hold great potential for U.S. pork exports. Currently, sanitary barriers and high tariffs keep U.S. exports to a minimum. The Bush Administration is seeking to eliminate duties in the FTA negotiations. In separate, but parallel discussions, the USTR will be working to have CAFTA countries recognize USDA's Food Safety and Inspection Service (FSIS)'s inspection and certification as equal to those conducted in the CAFTA countries.

Eliminating Trade Barriers to U.S. Pork Exports

Mexico

On May 23, 2003, USTR was successful in challenging Mexico's antidumping duty on live swine. This resulted in Mexico voluntarily removing a 48 percent duty on live hogs weighing less than 110 kilograms. Mexico is an important market for these smaller hogs.

China

USTR has worked to gain changes to China's excessively strict and burdensome meat labeling requirements. Specifically, China agreed not to require that labels be printed on boxes and instead accepted a new FSIS adhesive label. China also relaxed requirements on the content of labeling for inner poly bag packaging materials.

USTR successfully engaged the Chinese on its use of import permits to limit import volumes. The Chinese subsequently have been approving multiple permits and appear to have lifted the 200 metric ton limit per permit.

USTR continues to work with USDA and the pork industry to address China's zero tolerance on pathogens (listeria and salmonella) in raw meat and the subsequent delisting of several U.S. packing plants (including a large pork plant).

Russia

Russia is the 6th largest market for U.S. pork exports. U.S. pork exports to Russia in the past few years have been around 30 million tons a year. They fell to 16 million tons in 2002 because of competition from subsidized EU and Brazilian exports.

On April 1, 2003, Russia imposed a restrictive 337,500 metric ton TRQ for fresh/frozen pork, with an in-quota duty of 15 percent and an out-of-quota duty of 80 percent. USTR is currently engaged in addressing U.S. concerns with Russia's recent imposition of a Tariff Rate Quota (TRQ) on pork.

Australia

Opening the Australian market for U.S. pork exports is a priority for the Bush Administration. Although Australia has no tariffs on imported pork, Australia has sanitary/animal health barriers that keep imported pork out. USTR is pushing the Australian government to develop a new, science-based pork import policy.

Venezuela

USTR has initiated WTO dispute settlement procedures on Venezuela's failure to issue import permits for U.S. pork and a number of other agricultural products. Venezuela holds great potential for U.S. pork exports.

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